

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 RSC-01 CIEP-02 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 SAJ-01

PA-02 PRS-01 USIA-15 SS-15 NSC-05 IO-10 AGR-10 /110 W

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TO SECSTATE WASHDC 8021

INFO ALL EC CAPITALS 179

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E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: EC 1975 BUDGET -- PARLIMENT GIVES ITS APPROVAL

REF: EC BRUSSELS 9441

1. SUMMARY: THE EUROPEAN PARLIAMENT HAS ADOPTED A \$7 BILLION EC BUDGET FOR 1975. A NUMBER OF SUPPLEMENTARY REQUESTS ARE EXPECTED, HOWEVER. END SUMMARY.

2. THE EUROPEAN PARLIAMENT OVERWHELMINGLY APPROVED ON DEC. 12 THE EC BUDGET FOR 1975. THE PARLIAMENT HELD UP ITS APPROVAL UNTIL THE EUROPEAN SUMMIT HAD ACTED ON THE EC REGIONAL FUND (SEE REFTTEL). ONCE THIS HURDLE WAS CLEARED, THE PARLIAMENT RAPIDLY ADOPTED THE COMPROMISE BUDGET THAT HAD BEEN WORKED OUT BETWEEN THE COUNCIL AND THE PARLIAMENT.

3. THE TOTAL BUDGET AMOUNTS TO 5,825.3 MILLION UNITS OF ACCOUNT (ABOUT \$7 BILLION) WHICH REPRESENTS AN 11.5 PERCENT INCREASE OVER THE 1974 BUDGET LEVEL. THE FINAL BUDGET, HOWEVER, TRIMMED 1.4 BILLION U.A. OFF THE COMMISSION'S ORIGINAL PROPOSAL OF 7.2 BILLION U.A.

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4. NEXT YEAR'S BUDGET WILL BE AUGMENTED BY SEVERAL SUPPLEMENTARY EXPENDITURES: 1) A 500 MILLION U.A. APPROPRIATION FOR THE FIRST YEAR'S EXPENDITURE FOR THE REGIONAL FUND; AND 2) ADDITIONAL FUNDS TO COVER PRICE INCREASES UNDER THE CAP. SHOULD THE COUNCIL DECIDE TO PLACE THE EUROPEAN DEVELOPMENT FUND WITHIN THE BUDGET, A SUPPLEMENTARY APPROPRIATION WOULD ALSO BE REQUIRED FOR THIS EXPENDITURE. IN ADDITION, THE COUNCIL MAY DECIDE TO APPROPRIATE FUNDS TO MEET ITS SECOND TRACHE OBLIGATIONS UNDER THE UN EMERGENCY FUND AND TO INCREASE ITS FOOD AID PROGRAM. IN SUM, THE CURRENT EXPENDITURE CEILING IS LIKELY TO BE SUBSTANTIALLY RAISED BEFORE THE END OF 1975.

5. COMMISSION OFFICIALS ARE SATISFIED WITH THE RESULTS OF THE NEW PROCEDURES WHICH EXPAND PARLIAMENT'S BUDGETARY POWERS. FOR THIS FIRST TIME, THE COUNCIL UNDERTOOK A SUBSTANTIVE DIALOGUE WITH THE PARLIAMENT AND AGREED TO ADOPT MOST THE PARLIAMENT'S AMENDMENTS, THE PARLIAMENT DEMONSTRATED CONSIDERABLE COHENSION BY ADOPTING ITS SEVERAL PROPOSALS BY LARGE MAJORITIES. THE PARLIAMENT ALSO EXHIBITED RESTRAINT AND STATESMANSHIP IN ITS COMPROMISE WITH THE COUNCIL. COMMISSION OFFICIALS CONCLUDED THAT THE COUNCIL HAS RECOGNIZED THAT PARLIAMENT NOW HAS A VOICE IN BUDGETARY MATTERS AND THE COMPROMISING APPROACH ADOPTED BY BOTH BODIES AUGURS WELL FOR TH NEW BUDGETARY PROCESS.GREENWALD

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